

DEPARTMENT OF PLANNING AND PERMITTING
CITY AND COUNTY OF HONOLULU

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ACTING DIRECTOR

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DEPUTY DIRECTOR

EUGENE H. TAKAHASHI
DEPUTY DIRECTOR

March 14, 2019

The Honorable Ann H. Kobayashi
Interim Chair and Presiding Officer
and Members
Honolulu City Council
530 South King Street, Room 202
Honolulu, Hawaii 96813

Dear Interim Chair Kobayashi and Councilmembers:

SUBJECT: Request for Time Extension
Planned Development-Resort (PD-R)
(Resolution No. 16-52, CD1, FD1) and
Special District Permit No. 2015/SDD-37

We recommend approval of the second one-year extension for the Project. Attached for your consideration is our Report and Draft Resolution.

Pursuant to Chapter 21, Revised Ordinances of Honolulu, the City Council must act within 60 calendar days after receipt of our findings and recommendation; however, the City Council may extend this period of time upon receipt of a request from the Applicant for an extension. The extension is not automatic and thus, if an extension of time is not requested in a timely manner, the application may be denied due to the Council's time deadline.

Should you have any questions, please contact me at 768-8000.

Very truly yours,

A handwritten signature in blue ink, reading "Kathy Sokugawa".

Kathy K. Sokugawa
Acting Director

Attachments

cc: Hilton Resorts Corporation, Stephen Jacobson
R.M. Towill Corporation, Keith Kurahashi

APPROVED:

A handwritten signature in black ink, reading "Roy K. Amemiya, Jr.".

Roy K. Amemiya, Jr.
Managing Director

19MAR14 PM 11:33 CITY CLERK

**APPROVING AN EXTENSION FOR OBTAINING A DEVELOPMENT PERMIT FOR
THE PROPOSED PLANNED DEVELOPMENT-RESORT PROJECT LOCATED IN
THE WAIKIKI SPECIAL DISTRICT**

Staff Report

March 8, 2019

I. FINDINGS

On April 20, 2016, the City Council adopted Resolution No. 16-52, CD1, FD1, approving a conceptual plan for the proposed planned development-resort project for the redevelopment of 1.05 acres with a mixed use condo-hotel and commercial project in Waikiki. The proposed redevelopment is to demolish the existing King's Village, Prince Edward Apartments, and Hale Waikiki and develop a 32-story condo-hotel with approximately 213 units, 7-story podium with back-of-house facilities, 250 parking stalls, private park, ground floor commercial spaces, lobby, reception area, restaurant, lobby lounge and bar, multi-event spaces, executive offices, meeting facilities, outdoor dining terrace, rooftop recreational facilities, adjacent pocket park, and other site appurtenances (the "Project"). The Project area is identified as Tax Map Key 2-6-23: 29, 37, and 76.

On June 20, 2016, Special District Permit No. 2015/SDD-37 was approved by the Director of the Department of Planning and Permitting (DPP). In Condition 12 of this permit approval, it required the Applicant to obtain a building permit within two years from the date of the approval (June 20, 2018) or the permit would be null and void. Condition 12 is as follows:

- "12. The Applicant shall obtain a building permit for the proposed development within two years from the date of this approval, or this SDP (Major) shall be null and void. For good cause, the Applicant may request to extend the time limit. The request for an extension shall be submitted to the Director in writing, prior to the expiration of the SDP (Major), and include justification for the extension."

On January 23, 2018, the Applicant requested a one year time extension with the justification that they were doing some value engineering on the project. On January 30, 2018, the Director of the DPP approved the time extension. The Applicant has to obtain the necessary building permits by April 20, 2019, or the Special District Permit becomes null and void.

On September 25, 2018, the Project was sold by MK Development Consulting, LLC to Hilton Resorts Corporation and it will be converted to a timeshare hotel under the operations and management of the Hilton Grand Vacations. The exterior design will remain the same but the interior will be modified to accommodate the timeshare hotel.

On October 18, 2018, the Hilton Resorts Corporation (referred to as the Applicant henceforth) submitted a foundation permit application. If the processing of this foundation permit application takes longer than the deadline of April 20, 2019, then a time extension is required. As such, as a precautionary measure, the Applicant has decided to submit for another time extension. However, since a time extension was already approved by the Director, the Applicant must seek approval for a second time extension from the City Council, per Condition 13 of Resolution No. 16-52, CD1, FD1.

Condition 13 of Resolution No. 16-52, CD1, FD1, is as follows:

- "13. The Project shall receive a building permit for the proposed development within two years of the date of this resolution. Failure to obtain a building permit within this period shall render null and void this resolution and all approvals issued hereunder, provided that this period may be extended as follows:
- a. The Director of the Department Planning and Permitting may extend this period if the Applicant demonstrates good cause, but the period shall not be extended beyond one year from the initial deadline without the approval of the City Council, which may grant or deny the approval in its complete discretion.
 - b. If the Applicant requests an extension beyond one year from the initial deadline and the Director finds that the Applicant has demonstrated good cause for an extension, the Director shall prepare and submit to the Council a report on the proposed extension, which report shall include the Director's Findings and Recommendations thereon and a proposed resolution approving the extension. The Council may approve the proposed extension or an extension for a shorter or longer period, or deny the proposed extension, by resolution.
 - c. If the Council fails to take final action on the proposed extension within the first to occur of: (i) 60 days after receipt of the Director's report; or (ii) the Applicant's then-existing deadline for obtaining a building permit, the extension shall be deemed to be denied."

On February 25, 2019, the Applicant submitted a request for time extension to allow the Applicant to continue in obtaining a building permit (foundation permit) per the conditions of approval.

II. RECOMMENDATIONS

The Project changed ownership recently and the Applicant has submitted for a foundation permit application and continues to work on all the requirements for approval. The Applicant hopes to obtain this building permit (foundation permit) by

April 19, 2019. However, if the foundation permit application is not completed by this deadline, then the Special District Permit approval becomes null and void. Given the scale and ramifications of the proposed Project, and the potential island-wide impacts, DPP recommends approving the second one-year time extension to allow the Applicant to obtain a building permit (foundation permit).



RESOLUTION

APPROVING AN EXTENSION FOR OBTAINING A DEVELOPMENT PERMIT FOR THE PROPOSED PLANNED DEVELOPMENT-RESORT PROJECT LOCATED IN THE WAIKIKI SPECIAL DISTRICT.

WHEREAS, on April 20, 2016, the City Council adopted Resolution No. 16-52, CD1, FD1, approving a conceptual plan by the MK Development Consulting, LLC (referred to as the Applicant) for the proposed planned development-resort project for the redevelopment of 1.05 acres with a mixed use condo-hotel and commercial project in Waikiki. The proposed redevelopment is to demolish the existing King's Village, Prince Edward Apartments, and Hale Waikiki and develop a 32-story condo-hotel with approximately 213 units, seven-story podium with back-of-house facilities, 250 parking stalls, private park, ground floor commercial spaces, lobby, reception area, restaurant, lobby lounge and bar, multi-event spaces, executive offices, meeting facilities, outdoor dining terrace, rooftop recreational facilities, adjacent pocket park, and other site appurtenances (the "Project"). The Project area is identified as Tax Map Key 2-6-23: 29, 37, and 76; and

WHEREAS, on June 20, 2016, Special District Permit No. 2015/SDD-37 was approved by the Director of the Department of Planning and Permitting (DPP) with the condition that the Applicant obtain a building permit by June 20, 2018, or the Special District Permit becomes null and void; and

WHEREAS, on January 30, 2018 the Director of DPP approved an extension to obtain the necessary building permit to April 20, 2019, with the justification that the Applicant was continuing to value engineer the project; and

WHEREAS, on September 25, 2018, the Project was sold by MK Development Consulting, LLC (dba BSC KVSC, LLC) to Hilton Resorts Corporation (referred to as the Applicant henceforth) and it will be converted to a timeshare hotel under the operations and management of the Hilton Grand Vacations. The exterior design will remain the same but the interior will be modified to accommodate the timeshare hotel; and

WHEREAS, on October 18, 2018, the Applicant submitted a foundation permit application; and

WHEREAS, on February 25, 2019, the Applicant submitted a request for time extension for obtaining a building permit (foundation permit), per the conditions of approval, beyond the current April 20, 2019 deadline; now, therefore,



RESOLUTION

BE IT RESOLVED by the Council of the City and County of Honolulu that a second one-year extension of time to obtain a building permit for the project be issued to the Applicant under the following conditions.

1. The Applicant shall obtain a building permit for the proposed development within one year of the date of this approval. If the Applicant fails to obtain a development permit within this period, this permit shall lapse, provided that the deadline may be extended as follows:
 - a. The Director of the DPP may extend this period if the Applicant demonstrates good cause, but the period shall not be extended beyond one year from the initial deadline set by the City Council.
 - b. If the Applicant demonstrates good cause for an extension exceeding one year, the Director shall prepare and submit to the Council a report on the proposed extension, which report shall include the Director's findings and recommendations thereon. The Council may approve the proposed extension or an extension for a shorter or longer period, or deny the proposed extension, by adoption of a committee report or resolution.
 - c. If the Council fails to take final action on the proposed extension within the first to occur of: (i) 60 days after receipt of the Director's report; or (ii) the Applicant's then-existing deadline for obtaining a building permit, the extension shall be deemed to be denied.
2. Construction shall be in general conformity with the plans on file with the DPP. Any change in the size or nature of the Project which significantly alters the proposed development shall require a new application. Any change which does not significantly alter the proposed Project shall be considered a minor modification and therefore permitted under this resolution, upon review and approval of the Director of the DPP.



RESOLUTION

BE IT FINALLY RESOLVED that copies of this resolution be transmitted to Stephen Jacobson, Hilton Resort Corporation, 69-550 Waikoloa Beach Drive, Waikoloa, Hawaii, 96738; Keith Kurahashi, R. M. Towill Corporation, 2024 North King Street, Suite 200, Honolulu, Hawaii, 96819; and Kathy K. Sokugawa, Acting Director of Planning and Permitting, 650 South King Street, Seventh Floor, Honolulu, Hawaii, 96813.

INTRODUCED BY:

DATE OF INTRODUCTION:

Honolulu, Hawaii

Councilmembers